



ISSUE BRIEF

House Bill 2847: Maximum Allowable Pension

IMRF Position:
OPPOSE

Sponsor(s):
Representative Wilhour

Proposed Change in the Law

This bill would set the maximum allowable pension at \$132,900 starting on the effective date. This maximum amount would be increased annually by the consumer price index-u. It applies to all members and annuitants as of the effective date and is applicable to all Illinois public pension systems.

Reasons for Position

Because the proposal applies to both current and future members and annuitants, it would violate the Pension Protection Clause of the Illinois Constitution.

Because it applies to current annuitants, it is unclear if the Fund would be required to reduce annuities that are already higher than this amount. It also limits the maximum pension amount but does not limit the corresponding pensionable salary for current members. Therefore, members may be contributing to a pension on earnings for which they would not receive a benefit.

It also has no effect for Tier 2 members. The pensionable salary (for 2021) for Tier 2 members is \$116,740.42. Since IMRF pensions can never be more than 75% of the final rate of earnings, it is impossible for Tier 2 annuitants to have a pension anywhere near this amount.

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